

of the world enjoyed a very liberal trade in foodstuffs.

Contraction of the Market

Nationalistic policies began to emerge in the late twenties however and, when the depression era arrived in 1929-30 and reached its depth in 1932-33, there existed in many European countries tariffs and other obstacles to trade in wheat, while national policies were mostly in the direction of subsidizing wheat production at home. This resulted in contraction of the market for Canadian and other wheat from overseas and, in 1935-36, the total net exports of wheat and flour in the international market shrank to 525,000,000 bushels.

Trade began to pick up again in 1938-39 when fears of a second European war were developing and a number of countries began to lay in reserve stocks. Net exports of wheat and flour in that year totalled about 643,000,000 bushels and held close to that level in 1939-40, the first year of World War II. Thereafter, with most of Europe occupied by the Nazis, international trade dwindled rapidly and was estimated at only 360,000,000 bushels in the crop year 1942-43, of which Canada furnished 215,000,000 bushels or about 60 per cent.

Wheat Surpluses and the International Wheat Council

A period of severe drought in North America in the early thirties brought about changes in the sources of wheat supplies. The United States changed from a heavy exporter of wheat to a net importer for several years, but Australia and Argentina, and for a short period Russia, became strong competitors of Canada in the world market. The United States returned as an exporter of wheat in volume in the two years preceding the outbreak of the second World War and in that period all four of the major exporting countries found themselves with growing surpluses, despite the fact that Canada had practically cleaned out all her surplus wheat by the middle of 1938, following a crop failure in 1937.

The increasing wheat surplus, produced by shrinking world trade and continuance of heavy production in the major exporting countries, had created an international problem which led to discussions on an International Wheat Agreement in London, England, during the first eight months of 1939. These discussions were halted by the outbreak of war on September 1, but a resumption of wheat agreement talks was effected in Washington in 1941 between the representatives of the four major wheat exporting countries and representatives of the United Kingdom Government. These talks culminated in the signing of a Memorandum of Agreement on June 27, 1942, which was approved by the Governments of Argentina, Australia, Canada, the United Kingdom, and the United States, effective on that date. On March 18, 1947 the International Wheat Conference convened in London, England, but broke up on April 25 without endorsing the proposed five-year draft agreement. It was agreed, however, that further discussions would be held by the International Wheat Council in Washington and the forty countries represented in London were asked to participate. The Washington conference was held early in 1948 and on March 6 it was announced that agreement had been reached by the representatives of 36 countries on the terms of an international wheat agreement.

The International Wheat Agreement

The agreement is in the nature of a multilateral bulk contract and, if ratified by the legislative bodies of the signatories, is to be in operation for a period of five crop years, commencing August 1, 1948. Canada, the United States and Australia, the three exporting countries party to the agreement, collectively undertake to sell 500 million bushels of wheat to the 33 importing countries, if required by those countries, at the ceiling price of \$2.00 per bushel, basis No. 1 Manitoba wheat in store Fort William-Port Arthur. Equivalent prices are to be